

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

ILLINOIS INDEPENDENT TELEPHONE  
ASSOCIATION )

Petition for initiation of an investigation of  
the necessity of and the establishment of a  
Universal Service Support Fund in accordance  
with §13-301(d) of the Public Utilities Act )

Illinois Commerce Commission On Its Own )

Investigation into the necessity of and, if  
appropriate, the establishment of a Universal  
Support Fund pursuant to Section 13-301(d)  
of the Public Utilities Act. )

Docket No. 00-0233

Docket No. 00-0335

CHIEF CLERK'S OFFICE

Dec 14 4 29 PM '01

ILLINOIS  
COMMERCE COMMISSION

REBUTTAL TESTIMONY

OF

KATHERINE L. BARNEY

ON BEHALF OF

LEAF RIVER TELEPHONE COMPANY

00-0233/0335  
Leaf River Telephone Co. 2nd Rehearing  
12/18/01

December 14, 2001

1   **Q.   Please state your name.**

2   A.   My name is Katherine L. Barney

3   **Q.   What is the purpose of your rebuttal testimony on rehearing?**

4   A.   I will respond to the direct testimony on rehearing filed by various parties in this  
5       proceeding on the issue of universal service funding for secondary lines.

6   **Q.   Verizon's witness, Dennis B. Trimble, on page 5 of his testimony expressed the**  
7       **opinion that non-support of secondary lines could be made up by other pricing**  
8       **changes to other services such as vertical services. Ameritech also suggested that**  
9       **if secondary lines do not get universal service support, lost revenue could be**  
10      **made up elsewhere. Is that suggestion feasible?**

11  A.   No. Our company, like other independent telephone companies, has very limited  
12       growth capacity. We can't just go out and hunt up new business. At the present time  
13       we have 608 access lines, and in 1990, we had 642 access lines. The population of  
14       the Village of Leaf River has increased by only 9 people over the last 10 years from  
15       546 in 1990 to 555 in 2000. The school district in our exchange experienced a  
16       decrease from 1790 children in 1990 to 1698 in 2000. We have 119 customers using  
17       call waiting; 34 customers using call forwarding; and 12 with 3-way calling.. Our  
18       rate for each of those 3 services is \$1.25 for residence and \$2.00 for business. . We  
19       do not have substantial revenue possibilities and with a small population, our future  
20       growth, if anything will be with requests for more secondary lines, not vertical  
21       services.

22  **Q.   Have you made these services known to your customers?**

**Leaf River Telephone Company**  
**Exhibit 2 on rehearing**

1 A. Yes, we have advertised these services in the past and encouraged their use.. In my  
2 opinion, any significant price increases in these services will reduce their demand.

3 **Q. Let me hand you Leaf River Attachment 1 on rehearing. How do your prices**  
4 **compare to the prices for other companies?**

5 A. Attachment 1 is a page out of Verizon's tariff for vertical features and our prices are  
6 similar in most respects with Verizon's charges for these services.

7 **Q. Mr. O'Brien, on behalf of Ameritech, testified that secondary lines are less costly**  
8 **to "provision" than primary lines (pg. 8 of his testimony). He then concluded**  
9 **that providing support to secondary lines would be in direct conflict with the**  
10 **purpose of the fund, that is, to provide support to small companies based on**  
11 **higher costs of the company receiving funding. Do you agree?**

12 A. No, Mr. O'Brien is mixing apples and oranges. The reference to "cost" of secondary  
13 lines in my earlier testimony refers to the cost to install secondary lines to service  
14 where the wires have already been buried. This is a connection of the service to  
15 existing plant. Mr. O'Brien is confusing that with the cost of building and maintaining  
16 secondary lines which is a different capital cost. Without connecting the secondary  
17 lines to existing facilities, rural companies are underutilizing potential capacity and  
18 thus foregoing possible revenue. The actual cost to connect the secondary lines  
19 (absent the need to install new cable) is next to nothing, especially compared to the  
20 revenue that it generates. Mr. O'Brien wrongly assumes that I meant that the "cost"  
21 meaning to build and maintain secondary lines is zero. The point of my testimony is  
22 that the company will incur the cost for the secondary even if the service is not

1 connected to the subscriber. In that case, there is no greater cost in connecting the  
2 service but there is the added revenue. Therefore, the Commission should encourage  
3 the use of second lines in rural areas and support them with universal service funds.

4 **Q. Mr. O'Brien also stated that it is inappropriate that customers in non high-cost**  
5 **exchanges be required to subsidize "discretionary" second or third residence**  
6 **lines where costs might be higher. How do you respond?**

7 A. I disagree with his description that secondary lines are "discretionary services." The  
8 telecommunications industry is undergoing changes and redefining basic service. I  
9 doubt that many businesses view their secondary lines as "discretionary." Mr.  
10 O'Brien testified that increased charges due to lack of universal service support for  
11 secondary lines for schools, fire departments, churches and governmental offices are  
12 simply costs that they should have to bear. However, he does not make the argument  
13 that multi lines to schools, fire departments, churches or other governmental offices  
14 are "discretionary." The fact is, the normal operation of the services that those  
15 entities, like many businesses, requires more than one line. Secondary lines are  
16 viewed as essential components of the way that they conduct business. The Illinois  
17 Commerce Commission uses more than one line. Ameritech and Verizon, given the  
18 number of their employees and the extent of their network, use many lines as a basic  
19 way to conduct business. On a much smaller scale, the same is true with rural  
20 business that use secondary lines to talk to customers when the first line is busy and  
21 for e-mail and fax capability. We long ago graduated from the crank telephone on  
22 party lines as the standard for basic service. With technological improvements over

**Leaf River Telephone Company**  
**Exhibit 2 on rehearing**

1       the past 10 years, secondary lines for both residences and businesses are now "basic"  
2       to their needs.

3               Mr. O'Brien continues with an example regarding Chicago schools. He points  
4       out that Chicago area schools may have to pay more for student transportation  
5       because of higher insurance rates, but he doubts that Chicago schools could get  
6       revenues from downstate schools where costs are lower and thus avoid tax increases.  
7       What he overlooks with this example is that schools in Illinois get the largest portion  
8       of their revenue from real estate taxes. Chicago area schools also get revenues from  
9       the general revenue fund of the State of Illinois. Downstate taxpayers contribute  
10      revenue to the general fund that go to support Chicago schools because the legislature  
11      has determined that instead of increasing the Chicago real estate taxes even higher,  
12      the education of our youth in all areas of the state is a worthy goal that all taxpayers  
13      throughout the state must support. Likewise, telecommunications in the rural areas is  
14      a worthwhile goal that all subscribers in Illinois should support, especially when the  
15      cost is only pennies per month. That support should include secondary lines to allow  
16      rural customers the same access to services that urban customers have.

17   **Q.   Does that conclude your testimony?**

18   **A.   Yes.**

## GENERAL EXCHANGE TARIFF

VOICE MESSAGING SERVICE

## 1. Services for Enhanced Service Providers (ESP) (Continued)

## .6 Rate and Charge Regulations

- a. Any change to the customer's preselected telephone number to which the client's telephone calls are redirected, as described in Section 1.3.1a., b., and c. of this section of the tariff, will incur applicable service ordering charges.
- b. The ESP bill option as described in 1.4.1 of this section of the tariff may only be exercised by a customer utilizing the services found in this section of the Tariff to offer an enhanced service.
- c. The initial (or minimum) period for all ESP services and facilities is one month (30 days).

## .7 Rates and Charges

	<u>GSEC</u>	<u>Nonrecurring Charge</u>	<u>Monthly Rate</u>
.7.1 Call Forwarding Busy Line-Fixed, Per Line Arranged . . . . .	ESPCFBF	-	\$ 1.25
.7.2 Call Forwarding No Answer-Fixed, Per Line Arranged . . . . .	ESPCFNAF	-	1.25
.7.3 Call Forwarding, Busy/No Answer-Fixed, Per Line Arranged . . . . .	ESPCFBNAF	-	1.50
.7.4 Message Waiting Indication-Audible, Per Line Arranged . . . . .	ESPMWI	-	.50
.7.5 Forwarded Call Information-Intraoffice, Per Line Arranged . . . . .	ESPFCI	-	1.00
.7.6 Data Link, Per Data Link Arranged. . . . .	ESPLINK	\$500.00	250.00
.7.7 Queuing, Per Line or Trunk Arranged .	ESPQUE		1.50
.7.8 User Transfer, Per Line Arranged. . .	ESPTRANS		1.50
.7.9 When services as shown in .7.3, .7.4, and .7.5 are ordered one each in a package for an individual subscriber's line. . . . .	ESPVMPKG		2.00
.8.0 Customer Controllable Ringing Per Line . . . . .	ESPCCR		1.00
.8.1 Message Waiting Indication-Audible Ring Burst, Per Line . . . . .	ESPARB		1.50
.8.2 Feature Package Call Forwarding Busy/No Answer Fixed, Message Waiting Indication-Audible, Customer Controllable Ringing, Forwarded Call Information-Intraoffice, Message Waiting Indication-Audible Ring Burst, Per Line . . . . .	ESPVMPKG2		2.75

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NOTE: The Subsequent Ordering Charge as shown in this tariff will apply when ESP and ESP Client services are added or rearranged on an existing line. Central Office Line Connection Work charge does not apply for ESPs and ESP Client services added or rearranged.

ILLINOIS COMMERCE COMMISSION  
CHIEF CLERK'S OFFICE

By L. J. Smith  
State Director - External Affairs  
Bloomington, Illinois

Effective March 31, 1995